



EAST BAY REGIONAL PARK DISTRICT  
**BOARD FINANCE COMMITTEE**  
AGENDA STATEMENT  
MEETING DATE –WEDNESDAY, OCTOBER 22, 2014

**SUBJECT:** 2014 Mid-year Update on Internal Audit Projects  
Report by: David Sumner, CIA, CFE, CGFM, Audit Manager

**ATTACHMENT:** None

**RECOMMENDATION:** This item is informational only.

**DESCRIPTION:**

The purpose of this report is to provide the Finance Committee with an update on the Internal Audit work completed so far this year, including projects reviewed, adequacy of staffing and results of the audit recommendations. Internal controls represent the policies, procedures, systems, and practices that District management establishes and enforces to ensure accomplishment of objectives and safeguarding of assets. Management is responsible for monitoring internal controls.

Internal Audit staff performs an appraisal function that assists management in design, implementation, and modification of the internal controls, through monitoring and evaluation of the District's system of internal control in conjunction with the audit of the District activities and related operations. They review financial transactions, cash handling practices, District-funded grants, concession agreements, and contracts.

**Staffing:** The Internal Audit Unit is comprised of an Audit Manager and one staff Accountant. The staff Accountant position assigned to Internal Audit Unit was vacant from November 28, 2013 through May 31, 2014; since incumbent was transferred within the Finance Department to report to the Finance Department Accounting Manager. After a six month assignment, she voluntarily returned to the Internal Audit Unit. The Audit Manager confirms that the internal audit function has had adequate staffing since June 2014.

**Projects:** During January 2, 2014 through September 30, 2014, Internal Audit Unit staff completed 18 audit projects. A briefing of those projects is as follows:

- I. **Review of Measure WW Grants:** Staff audited records retained by the Grants Department for projects completed and awaiting final payment. The audit scope included review of compliance with the grant agreement, and verification of the accuracy and completeness of the supporting reimbursement requests. Staff audited the following projects, found the records to be in good order; and approved grantees' payment requests in accordance with the established procedures:

**City of San Leandro Marina Park Irrigation Improvement Project:** Grantee reported completion of their project and received \$396,669.67 as final reimbursement. Total Measure WW funds disbursed for this project was \$622,000.00.

**Discovery Bay Community Center Project:** Grantee reported completion of their project and received \$400,000.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$400,000.00.

**City of Alameda Tillman Park Play Structure Replacement:** Grantee reported completion of their project and received \$42,773.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$42,773.00.

**City of Antioch Community Park Synthetic Turf Fields Project:** Grantee reported completion of their project and received \$1,036,162.23 as final reimbursement. Total Measure WW funds disbursed for this project was \$2,999,744.75.

**City of Antioch Prewett Aquatics Renovations:** Grantee reported completion of their project and received \$84,000.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$420,000.00.

**Pleasant Hill Recreation and Park District Community Center:** Grantee reported completion of their project and received \$323,985.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$323,985.00.

**City of San Leandro Toyon Park Pathway Rehabilitation:** Grantee reported completion of their project and received \$89,314.51 as final reimbursement. Total Measure WW funds disbursed for this project was \$89,314.51.

**City of Fremont Irrigation Controller Replacement and Radio Project:** Grantee reported completion of their project and received \$110,914.32 as final reimbursement. Total Measure WW funds disbursed for this project was \$576,122.19.

**Contra Costa County Clyde Park Improvement Project:** Grantee reported completion of their project and received \$7,264.20 as final reimbursement. Total Measure WW funds disbursed for this project was \$36,681.00.

**City of Antioch Security Camera Project:** Grantee reported completion of their project and received \$62,240.00 as final reimbursement. Total Measure WW funds disbursed for this project was \$311,200.00.

**City of Concord Replace Tennis Courts and Softball Field Lighting at Willow Park:** Grantee reported completion of their project and received \$238,846.05 as

final reimbursement. Total Measure WW funds disbursed for this project was \$496,879.67.

2. **Review of Ardenwood Cash Handling Procedures:** Ardenwood is a fully functioning farm, owned by City of Fremont and operated by East Bay Regional Park District since 1985. It generates approximately \$278,000 in revenue per year for the District.

The audit examined Ardenwood Historic Farm's cash collection procedures, to assess safeguarding and accountability of cash on-hand and daily collections, verified functionality of internal controls, and reviewed compliance with the District's policies and procedures.

Occasionally Ardenwood cashiers had directly refunded admission fees to patrons, without retaining adequate documentation to substantiate refunds made. As such, they were non-compliant with the established procedures. Insufficient documentation of refunds hampers safeguarding of assets, and may prevent timely detection of potential misappropriation of daily collections. Park Supervisor was advised to require and verify retention of original admission tickets and preparation of *Paid out/Refund/Overring Voucher*, for direct refunds, and enforce compliance with cash handling procedures.

When Ardenwood's electronic cash registers were down, visitors were admitted without collection of admission fees and issuance of manual receipts. After electric power was restored patrons were expected to pay applicable admission fees on their way out. This had fostered good public relations, by reducing waiting time; but was an overt breach of internal controls. Visitors' virtue and honesty were relied upon instead of enforcing established policies and procedures that are designed to promote safeguarding of the District's assets. Park Supervisor was advised to enforce and enhance compliance with established policy and procedures, and have staff issue manual receipts whenever the system is down.

Public Safety personnel are responsible for transporting collected cash from this park to the bank, on a regular schedule. However, they had not observed the cash bag pick-up schedule some 40% of the time, leaving excessive amounts of cash in custody of the Ardenwood staff. Cash collections that were not picked-up and were not deposited into the bank timely had to be safeguarded while remaining idle and not earning any interest. We recommended that the Operations Division communicate with Public Safety, and reinforce compliance with the current cash bag pick-up schedule or a modified version of it, to enhance safeguarding and expedite timely pick-up and deposit of cash collections.

Discussion Draft was issued on March 4, 2014. Response from Operations Division is outstanding.

3. **Review of MLK Tidewater Capital Improvement Project:** Tidewater Boating Center (formerly known as Tidewater Aquatic Center) is located on the Oakland estuary. The

project comprised of design and construction of facilities for boat storage, restroom/shower, office, security residence, a floating dock system, and a paved connection to the Bay Trail. It was financed by grants from California Department of Parks and Recreation, and funds allocated from Measure CC Property Tax funds. The project with a final budget of \$5,880,689 was completed on February 22, 2011.

The audit examined financial records relating to this project from commencement through May 31, 2013; reviewed grants awarded by grantor agencies, and interviewed staff involved to report on functionality of internal controls, compliance with administrative requirements, and safeguarding of assets.

Audit denoted that a 10% Construction Retention, refundable to the contractor upon satisfactory completion of the project, was not withheld from three initial payments to the project contractor in 2009. As a result, total amount deposited to and withdrawn from the retention account in the District Finance System were not equal, adversely affecting accurate reporting of the District's liabilities. Although, overall the contractor was not overpaid, discrepancy revealed a control weakness. We recommended that staff calculate and code amounts retained properly, and suggested Finance Department staff to review and reconcile remaining balance of the Construction Retention account to applicable projects balance, and resolve potential discrepancies as soon as possible.

Discussion Draft was issued on July 1, 2014. Response from Planning, Stewardship and Development Division is pending.

4. **Review of Land Acquisition Black Diamond – Vogt et al. (Barron) Property:** The Vogt et al. (Barron) property is a 798 acres lot, located east of the City of Clayton. Its acquisition has enabled the District to develop trails connecting Clayton Ranch and Diamond Mines Regional Preserve in the future. Acquisition of this property was made possible and financed through a partnership with East Contra Costa County Habitat Conservancy, and use of Federal and State grants and proceeds of Measure WW.

The audit examined financial records, reviewed grants awarded by grantor agencies, and disbursements from Measure WW Bonds, and verified supporting documents to ensure propriety of accounting transactions and functionality of internal controls.

Measure WW Bonds proceeds are used to fund the District's land and trail acquisitions. Union Bank is custodian of the Measure WW funds, administering and disbursing requested funds to the District on a cost reimbursement basis. Audit denoted that Measure WW reimbursement requests related to this project, that were compiled and submitted by Finance Department staff to Union Bank, were not accurate and timely. Calculation errors and delay in preparation of reimbursement requests may adversely affect reliability of financial information conveyed to management, impact decisions made, and postpone closure of completed projects. We recommended staff exercise greater due diligence when assessing projects funding status, and file accurate and timely quarterly reimbursement requests.

Audit report was issued on October 14, 2014. Finance Department agreed with the audit comments and recommendations, and has committed to reviewing the project reimbursements, and processing of quarterly reimbursement requests within 30 to 60 days of the quarter end.

5. **Review of Dumbarton Quarry Project Tipping Fee Payments:** Dumbarton Quarry is approximately 90 acres, belongs to Dumbarton Quarry Associates (DQA), and is dedicated to the East Bay Regional Park District for public park purposes, as a condition of approval for an extension of its use permit that was issued by City of Fremont. Reclamation activities are being performed on the site, which among other things includes filling the pit with acceptable fill materials through June 2029. During 2013 DQA charged a \$200 per truck-load fee, and paid a \$10 tipping fee per truck to the District for materials that were dumped into the pit. From commencement through May 31, 2014 the District has received a total of \$2,068,469.18 in cash and in-kind services from DQA.

The audit examined records prepared by DQA to assess accuracy and timeliness of tipping fees paid to the District, and verified compliance with the financial terms of the agreement. Overall, DQA was compliant and tipping fee calculations and payments were timely and substantiated, However, there were a few issues.

A total of 129 loads of fill materials hauled to Dumbarton Quarry were not reported to the District. DQA staff indicated that those activities predated their agreement with District representatives, but could not provide us any written proof. We recommended collection of \$967.50 for unpaid Tipping Fees.

Temporary stockpiling of hauled materials not used as quarry pit fill, and their subsequent removal from the site is allowed per current agreement. However, those activities had adversely affected verifiability of reported tipping fees to the District. DQA staff used their discretion to determine number of truck-loads of stockpiled incoming clean reusable materials, and had exempted them from payment of Tipping Fees to the District. This practice is a control risk that has exposed the District to potential loss of revenue, since DQA's downward adjustments of total number of incoming loads due to temporary stockpiling, could not be independently verified at this time. We recommended that District negotiates with DQA allowable quantity, procedural controls, required documentation, and accounting treatment of the truck-loads of clean reusable materials that may be temporarily stockpiled at the Disposal site to reach an agreement.

Audit report was issued on October 7, 2014. Legal Division agreed with the audit comments and recommendations and plans to take appropriate remedial action to rectify issues of concern.

6. **Review of Willow Park Golf Course:** For nearly 50 years, East Bay Regional Park District has sub-leased an approximately 150 acres parcel, located in Lake Chabot area, to the concessionaire that operates Willow Park Golf Course. Willow Park Golf Course Concessionaire pays approximately \$89,000 a year in concession fees to the District. In turn, East Bay Regional Park District remits 37.5% of total concession fees collected from the concessionaire, to East Bay Municipal Utility District which is owner and original lessor of the land. The current concession agreement expires at the end of 2014 and process is underway to select a new concessionaire.

The audit examined functionality of the concessionaire's internal controls, and compliance with financial provisions of their agreement with the East Bay Regional Park District, to verify accuracy and timeliness of the concession fees received.

We concluded that although concessionaire's internal controls were generally functional, amount of concession fees paid to the District was lower than required.

The concessionaire had bartered a portion of their daily receipts with a data-processing service provider, and had offered complementary play time to third parties without prior consent and knowledge of the District. We recommended pursuing collection of unpaid concession fees, estimated from \$8,722.50 to \$12,211.50, and clarifying how bartered and complementary play time offers should be treated, in the future contracts.

The concessionaire had not reported to the District total amount of rent received from one of their sub-lessees, miscellaneous revenues, and reimbursements for the shared costs, as a part of their gross receipts, by misinterpreting term of the agreement. We recommended collection of \$5,177.23 in unpaid concession fees, and preventing subjective interpretation of the terms of the agreements, by defining components of gross receipts in the future contracts.

Also, the restaurant and banquet facility total sales were deliberately understated, through exclusion of collected gratuities, amounts charged for labor, and amounts that were paid out of their daily collections. We suggested that District management considers these issues and decides how to proceed with their disclosure to the Willow Park Golf Course partnership that has sub-leased the restaurant and banquet facility to a third party operator, to recover applicable unpaid concession fees.

Discussion Draft was issued on Aug. 27, 2014. Response from Operations Division is pending.

7. **Review of McLaughlin Eastshore State Park Concession – Seabreeze Café & Market:** Eastshore property was acquired jointly by State of California Department of Park and Recreation and East Bay Regional Park District on January 9, 1990. Consequently, the District as Trustee for the benefit of State and itself, became responsible for the oversight and administrative control of Seabreeze Café & Market which operates a fish and produce market, bicycle rental facility, Christmas tree,

pumpkin, and firewood lot under a License Agreement that is currently extended until June 30, 2015.

The audit examined concessionaire's compliance with the financial provisions of the License Agreement, during January 1, 2011 through July 31, 2014.

We concluded that the concessionaire was not fully compliant with the financial provisions of the License Agreement. Although concessionaire had paid rent regularly every month, remittances were not always timely and for required amount. Out of 31 months reviewed, on 13 months concessionaire had underpaid rent for a total \$1,341. Unpaid rent is also subject to an additional 10% late payment penalty.

We recommended management pursues collection of unpaid rent and late fees, and Finance Department staff verify propriety of monthly rent payments, and time notify Land Division staff to follow-up with the concessionaire, to resolve potential discrepancies between required and actual rent paid.

Discussion Draft was issued on Aug. 29, 2014. Response from Operations Division is pending.

8. **Review of Little Hills Facility at Las Trampas Concession:** Pursuant to the Concession Agreement dated December 14, 2010 Urban Park Concessionaires operates this facility as a site for group picnics, weddings, and special events by reservation only. Term of the current agreement, expires on November 30, 2014. Concessionaire pays approximately \$58,000 in concession fee, and contributes approximately \$81,000 to maintenance fund, per year.

The audit examined whether concessionaire was compliant with financial aspects of the concession agreement, gross revenue was properly accounted for, and concession and maintenance fees were accurately calculated and remitted timely.

We concluded that concessionaire was not fully compliant with the financial provisions of the concession agreement. Revenue reported to the District was understated, and concession and maintenance fees paid were less than required, due to the exclusion of *residence rent*, *service charge* and *facility rent*. However, monthly remittance on the reported revenues was timely.

Urban Park Concessionaires has routinely ignored inclusion of *residence rent* in its gross receipts, Also, year 2010 total gross receipts was understated due to duplicate sales tax deduction. We recommended collection of unpaid concession and maintenance fees from Urban Park Concessionaires.

Facility's cash register machine was not operated properly, generating records that were unreliable and sometimes unverifiable. During 92 business days of 2010, in approximately 65% of times, tally of daily transactions per the Cash Register's Z Tape was somewhat distorted due to keying error's, inaccurate transaction date, or erased

historical data when the machine was shut off. Concessionaire is required to keep accurate books and records that show all of its income and expenses. Insufficient and unverifiable records, such as Z tapes, could lead to inaccurate financial reports and potential underpayment of fees due to the District. We recommended diligent data input, replacement of the current cash register with one that retains its memory even when it is turned off, and retention of verifiable records.

Discussion Draft was issued on September 24, 2014. Response from Operations Division is pending.

The following draft audit report was issued on December 31, 2013, and the projects' details were described in our January 2014 report. Since management's response to the audit comments and recommendations were provided in 2014, and the final audit report was actually issued on February 11, 2014, the following brief is provided:

**Review of Employee Expense Reports:** The District spends approximately \$135,000 a year to reimburse Board members and staff for work related expenditure.

The audit examined functionality of internal controls, and status of prior audit findings and recommendations, and offered suggestions for improving controls. Although most of the prior audit recommendations were implemented, current review showed that Finance Department reviewers had overlooked or ignored to question deficiencies of the Expense Reports that were submitted for final review and reimbursement in approximately 25% of the samples tested. 2013 Expense Report files in PDF and Excel formats had conflicting information, and IRS approved mileage reimbursement rates were not identical in those forms. We recommended through review of Expense Reports submitted, and conveyance of accurate IRS rates and simultaneous updating of the Expense Report templates.

Finance Department has taken steps to remediate deficiencies that were noted. Expense Report templates, regardless of format, were updated to contain accurate information.

**RECOMMENDATION:** This item is informational only.



EAST BAY REGIONAL PARK DISTRICT  
**BOARD FINANCE COMMITTEE**  
 AGENDA STATEMENT  
 MEETING DATE – Wednesday, October 22, 2014

**SUBJECT:** Second Quarter 2014 General Fund and Other Governmental Funds Financial Reports

Prepared by: Deborah Spaulding, Assistant Finance Officer

- ATTACHMENTS:**
- A. General Fund Charts of Revenue, Expenditures and Fund Balance
  - B. General Fund Quarterly Financial Report as of 6/30/14
  - C. Other Governmental Funds Quarterly Financial Report as of 6/30/2014

**RECOMMENDATION:** Review reports and direct staff to prepare the information for acceptance by the Board of Directors

**EXECUTIVE SUMMARY:**

As of June 30, 2014 the District’s financial activities are as expected when compared against prior year and to the current year budget.

**DESCRIPTION:**

This is a new format for quarterly financial reporting, combining budget and expenditure information in a single report. The report and attachments summarize second quarter revenues and expenditures for the entire District. This information is provided to the Board as required by the Board Operating Guidelines.

General Fund Revenues & Expenditures as of June 30, 2014:

Revenues are on track for the year with 47.7% of budget received by June 30. Actual expenditures to-date are also on track to end the year at budget, with 47.5% spent through June 30. The graphs on the following page show the overall revenue and expenditure trends of the District for the past five years, and a projection of revenues and expenditures for year-end.

<b>General Fund</b> <i>(in millions)</i>	Budget 2014	Actual thru 6/30/14	variance	% of Budget Complete
Revenue	\$ 111.1	\$ 53.0	\$ 58.1	47.7%
Expenditures	\$ 124.1	\$ 58.9	\$ 65.2	47.5%
net change in Fund Balance	\$ (13.0)	\$ (5.9)	\$ (7.1)	

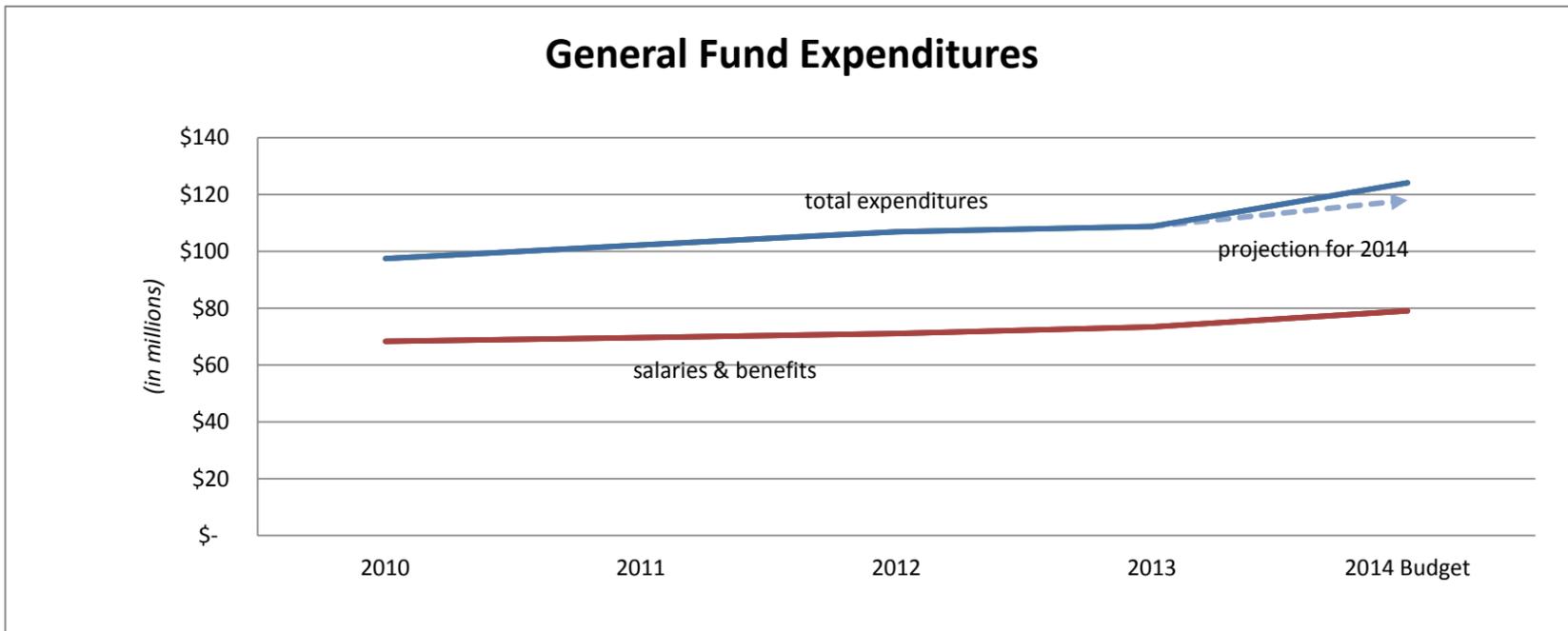
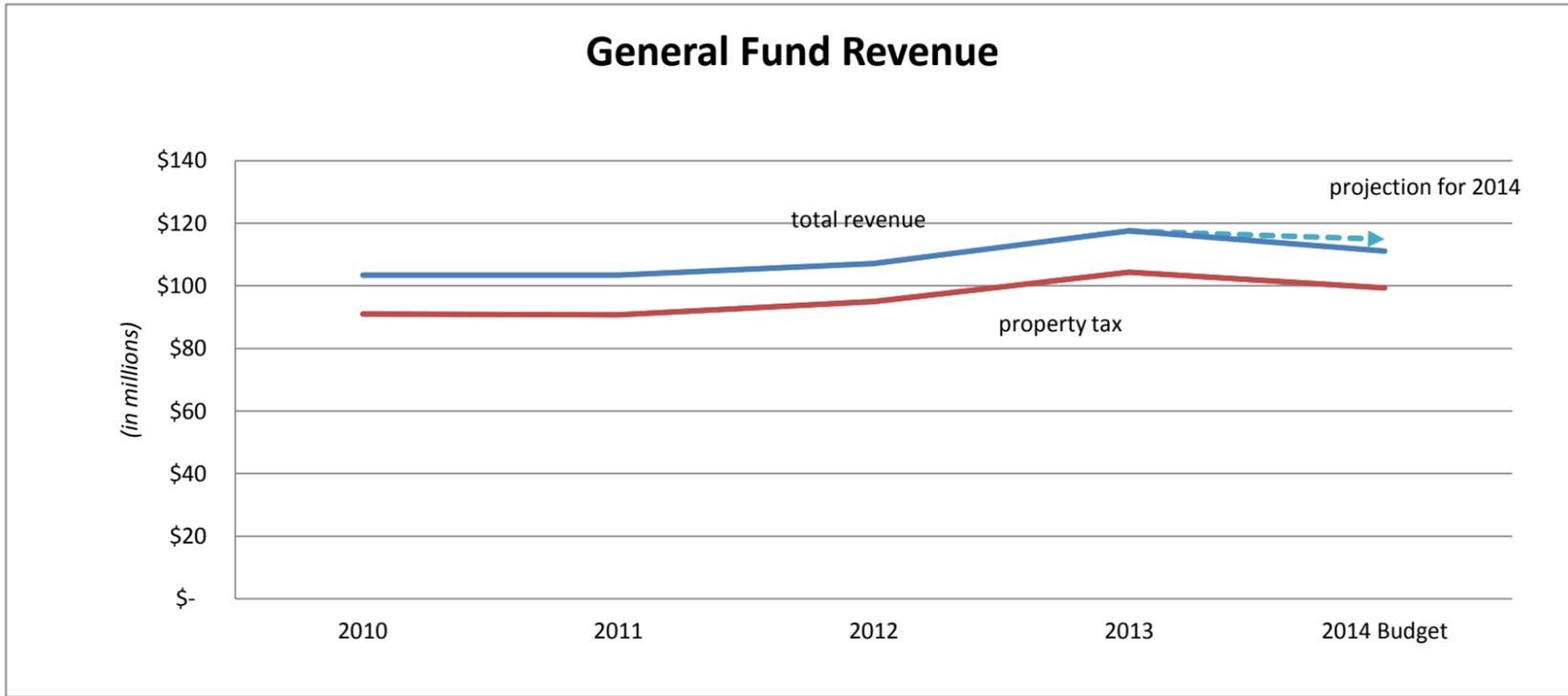
Attachment A provides additional information on the General Fund. Areas in which revenues or expenditures are 10 percent higher or lower than the prior year are explained in footnotes.

Attachment B provides summarized financial information for all other governmental funds.

**RECOMMENDATION:**

Staff requests that the Finance Committee review, discuss and direct staff to submit the Second Quarter 2014 General Fund & Other Governmental Funds Financial Report to the Board of Directors for favorable consideration.

East Bay Regional Park District  
**GENERAL FUND QUARTERLY FINANCIAL REPORT**  
 For the Period Ending June 30, 2014



### Budgetary General Fund Unassigned Fund Balance

Beginning Unassigned Fund Balance (1/1/14)	\$	44,514,739
Release of the Committed Fund Balance (1/1/14)		9,000,000
2014 Budgeted Revenue		111,058,800
2014 Budgeted Expenditure (Adopted)		(120,003,900)
Various Budget Adjustments		(2,263,994) *
Move tipping fees to special revenue fund		(1,883,000)
Mid-Year Budget Adjustments		(3,540,995)
<b>Estimated Ending Budgetary Fund Balance (12/31/14)</b>	<b>\$</b>	<b>36,881,650</b>
<b>Estimated Excess (deficit) over 32% Reserve</b>	<b>\$</b>	<b>1,342,834</b>
Reserve Target per Policy (32% of annual revenue)	\$	35,538,816

\* Previous Board action for vegetation and hazardous tree management, tools for Tilden Corp Yard, legal contingency.

East Bay Regional Park District  
**GENERAL FUND QUARTERLY FINANCIAL REPORT**  
 For the Period Ending June 30, 2014

	Amended Budget 2014	Current YTD <sup>^</sup> Actuals 2014	Budget Variance	% of Budget Complete	Prior YTD <sup>^</sup> Actual 2013	% Budget at 6/30/13
<b>REVENUE</b>						
Property Taxes	99,300,000	46,383,728	52,916,272	46.7%	47,486,289	49.2%
Charges for Services	8,491,500	4,675,335	3,816,165	55.1%	4,383,111	52.5%
Property Usage	1,777,000	1,106,661	670,339	62.3%	1,112,053	58.6%
Investment Earnings and Other	1,444,400	776,086	668,314	53.7%	599,771	33.2%
Transfers In	45,900	45,900	0	100.0%	459,400	79.1%
<b>Total Revenue and Transfers In</b>	<b>111,058,800</b>	<b>52,987,710</b>	<b>58,071,090</b>	<b>47.7%</b>	<b>54,040,624</b>	<b>49.5%</b>
<b>EXPENDITURES</b>						
Salary & Benefits	79,012,070	34,117,522	44,894,548	43.2%	32,316,143	42.3%
Supplies	12,188,925	5,002,610	7,186,315	41.0%	3,912,441	36.5%
Services	9,149,342	2,851,983	6,297,359	31.2%	2,412,235	30.2%
Capital Outlay	1,448,042	612,673	835,369	42.3%	14,623	3.4%
Other Expense	2,872,091	1,090,278	1,781,813	38.0%	982,387	37.4%
Interfund Charges	6,017,760	3,008,880	3,008,880	50.0%	2,376,945	50.0%
Transfers Out	13,462,664	12,233,999	1,228,665	90.9%	6,859,600	63.1%
<b>Total Expenditures and Transfers Out</b>	<b>124,150,894</b>	<b>58,917,945</b>	<b>65,232,949</b>	<b>47.5%</b>	<b>48,874,374</b>	<b>42.9%</b>
<b>NET REVENUE OVER / (UNDER)</b>	<b>\$ (13,092,094)</b>	<b>\$ (5,930,235)</b>	<b>\$ (7,161,859)</b>		<b>\$ 5,166,250</b>	

	Amended Budget 2014	Current YTD <sup>^</sup> Actuals 2014	Budget Variance	% of Budget Complete	Prior YTD <sup>^</sup> Actual 2013	% Budget at 6/30/13
<b>EXPENDITURES BY DIVISION</b>						
Board of Directors	356,040	87,512	268,528	24.6%	105,538	33.9%
General Manager	1,866,550	766,064	1,100,486	41.0%	738,115	40.7%
<b>Total Executive &amp; Legislative</b>	<b>2,222,590</b>	<b>853,576</b>	<b>1,369,014</b>	<b>38.4%</b>	<b>843,653</b>	<b>39.7%</b>
Legal Division	2,480,151	650,860	1,829,291	26.2%	479,562	32.3%
Finance and Management Services	8,604,393	3,719,839	4,884,554	43.2%	3,513,564	42.6%
Human Resources Division	2,428,495	1,002,506	1,425,989	41.3%	909,380	39.1%
Public Affairs Division	4,359,837	1,741,916	2,617,921	40.0%	1,359,055	37.4%
<b>Total District-Wide Support</b>	<b>17,872,876</b>	<b>7,115,121</b>	<b>10,757,755</b>	<b>39.8%</b>	<b>6,261,561</b>	<b>39.9%</b>
Park Operations Department	33,270,130	14,408,173	18,861,957	43.3%	13,042,877	41.7%
Maintenance and Skilled Trades Dept.	14,677,194	6,747,375	7,929,819	46.0%	5,053,493	41.1%
Interpretive and Recreation Svcs Dept.	10,884,149	4,553,272	6,330,877	41.8%	4,492,620	40.4%
<b>Total Operations</b>	<b>58,831,473</b>	<b>25,708,820</b>	<b>33,122,653</b>	<b>43.7%</b>	<b>22,588,990</b>	<b>41.3%</b>
Planning and Stewardship Department	4,919,250	1,750,842	3,168,408	35.6%	1,857,343	39.8%
Design and Construction Department	837,424	337,963	499,461	40.4%	346,767	44.4%
<b>Total Planning/Stewardship &amp; Dev.</b>	<b>5,756,674</b>	<b>2,088,805</b>	<b>3,667,869</b>	<b>36.3%</b>	<b>2,204,110</b>	<b>40.5%</b>
<b>Land Division</b>	<b>2,855,670</b>	<b>1,238,858</b>	<b>1,616,812</b>	<b>43.4%</b>	<b>1,109,495</b>	<b>40.4%</b>
Public Safety Administration	6,779,833	3,003,745	3,776,088	44.3%	2,826,737	44.7%
Police Department	11,374,955	4,704,148	6,670,807	41.4%	4,443,819	40.6%
Fire Department	4,994,159	1,970,868	3,023,291	39.5%	1,736,406	34.4%
<b>Total Public Safety</b>	<b>23,148,947</b>	<b>9,678,761</b>	<b>13,470,186</b>	<b>41.8%</b>	<b>9,006,962</b>	<b>40.4%</b>
<b>Transfers Out</b>	<b>13,462,664</b>	<b>12,233,999</b>	<b>1,228,665</b>	<b>90.9%</b>	<b>6,859,600</b>	<b>63.1%</b>
<b>Total Expenditures and Transfers Out</b>	<b>124,150,894</b>	<b>58,917,940</b>	<b>65,232,954</b>	<b>47.5%</b>	<b>48,874,374</b>	<b>42.9%</b>

<sup>^</sup> Current Year to Date (YTD) Actuals excluding Encumbrances.

## Notes:

The percent of year completed equals 50% at June 30. Variances over or under 10% were investigated and are explained below.

Prior year data is presented for comparison purposes.

- 1 Property usage revenue increase comes from Dumbarton Quarry tipping fees. This revenue was moved to a special fund in August.
- 2 Services expenditures are in line with prior year. Due to seasonality of operations, majority of expenditures occur in summer and fall.
- 3 Other Expense category includes taxes & assessments not yet paid for 2014. Expenditures for 2014 are in the line with prior year.
- 4 \$11m in Transfers were made as per budget on Jan 3rd. Additional \$1m for fuels management was approved and transferred in February.
- 5 Board expenditures were lower in salary & benefits due to absences.
- 6 Legal budget increased by \$900k in preparation for settlement payment. Expenditures appear low because payment was made in July.
- 7 Planning & Stewardship expenditures are in line with prior year. Salary & benefits are low due to vacancies and reorganization of division.
- 8 Fire expenses are in line with prior year. The department's spending is seasonally driven, especially by Lifeguard Services.

East Bay Regional Park District  
**OTHER GOVERNMENTAL FUNDS QUARTERLY FINANCIAL REPORT**  
 For the Period Ending June 30, 2014

**Special Revenue Funds**

	Amended Budget 2014	Current YTD <sup>^</sup> Actuals 2014	<i>Budget Variance</i>	<i>% of Budget Complete</i>	Prior YTD <sup>^</sup> Actual 2013	<i>% Budget at 6/30/13</i>
Total Revenues*	26,598,765	6,724,892	19,873,873	25.3%	5,021,343	19.4%
Total Expenditures**	24,867,950	6,876,729	17,991,221	27.7%	8,254,346	31.5%

*Special Revenue funds include Measure CC, LLD funds, Zones of Benefit, as well as Measure WW Local Grants. Revenues and expenditures are as expected for this point in the year.*

**Project Funds**

	Amended Budget 2014	Current YTD <sup>^</sup> Actuals 2014	<i>Budget Variance</i>	<i>% of Budget Complete</i>	Prior YTD <sup>^</sup> Actual 2013	<i>% Budget at 6/30/13</i>
Total Revenues*	37,664,126	23,623,094	14,041,032	62.7%	18,792,959	65.3%
Total Expenditures**	73,070,549	17,220,587	55,849,962	23.6%	12,512,029	21.1%

*Project funds are used for land acquisition, as well as for both capital and non-capital projects. Major expenditures in construction in quarter 2 included: Bruener Marsh restoration, Iron Horse Trail improvements, and completion of exhibits at Big Break. Grant revenues were received for acquisition of Castleridge property at Pleasanton Ridge.*

**Debt Service Funds**

	Amended Budget 2014	Current YTD <sup>^</sup> Actuals 2014	<i>Budget Variance</i>	<i>% of Budget Complete</i>	Prior YTD <sup>^</sup> Actual 2013	<i>% Budget at 6/30/13</i>
Total Revenues*	26,048,800	14,069,107	11,979,693	54.0%	9,400,247	53.3%
Total Expenditures**	32,882,350	4,610,935	28,271,415	14.0%	4,743,151	23.4%

*Debt Service Funds revenues and expenditures are related to scheduled debt service payments. Current year activity includes Measure WW General Obligation bond tax receipts. Revenues & expenditures are on track to end the year as budgeted.*

**Internal Service Funds**

	Amended Budget 2014	Current YTD <sup>^</sup> Actuals 2014	<i>Budget Variance</i>	<i>% of Budget Complete</i>	Prior YTD <sup>^</sup> Actual 2013	<i>% Budget at 6/30/13</i>
Total Revenues*	17,686,210	11,744,160	5,942,050	66.4%	6,967,248	54.3%
Total Expenditures**	13,335,874	5,840,747	7,495,127	43.8%	3,766,479	27.8%

*Internal Service funds pay for services that are allocated District-wide, including costs of General Liability, Major Infrastructure, Equipment, and Employee Benefits. Current year activities include the new 553 Major Equipment & Replacement Fund (553) which was not active in the prior year. Revenues & expenditures in these funds are as expected for this point in the year.*

<sup>^</sup> Current Year to Date (YTD) Actuals do not include Encumbrances (known obligations/contracts thru December 31).

\* including transfers in

\*\* including transfers out

Notes:

The percent of year completed equals 50% at June 30.

Prior year data is presented for comparison purposes.



EAST BAY REGIONAL PARK DISTRICT  
**BOARD FINANCE COMMITTEE**  
AGENDA STATEMENT  
MEETING DATE –Tuesday, October 22, 2014

**SUBJECT:** 2015 Preliminary General Fund Budget Summary

Report by: Pam Burnor, Budget Manager  
Debra Auker, CFO/Controller  
Dave Collins, AGM

**ATTACHMENT:** 2015 Preliminary General Fund Budget Summary

**RECOMMENDATION:** None. This is an informational item only.

The purpose of this item is to brief the Board Finance Committee on the status of the budget process and provide an overview of the 2015 preliminary General Fund budget.

GENERAL FUND – OPERATING BUDGET
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A summary of the 2015 preliminary General Fund budget, with a comparison to the 2014 adopted budget is provided as an attachment to this report. The 2015 General Fund preliminary budget is balanced with approximately \$122 million in budgeted revenue (9.9% increase from 2014) and \$121.9 million in appropriations, restored reserves and transfers out (1.6% increase from 2014). The General Fund revenues will exceed expenditures and transfers out to allow for \$1 million to replenish the Legal Division's committed fund balance that has been exhausted in 2014.

- I. 2015 Preliminary General Fund Revenue Budget as Compared to 2014 Adopted Budget:
  - a. 2015 property tax budgeted revenue is \$10.5 million higher than 2014 budgeted revenue, a 10.6% increase. The increase reflects a 2% increase during the current year and an additional 8.6% increase projected in 2015 due to the positive trend of rising assessed valuations, especially in Contra Costa County. Redevelopment agency payment amounts have become slightly more predictable since we now have two years of history to evaluate, however the District has only included a conservative projection of \$4 million due to the long term uncertainty of these payments.
  - b. 2015 budgets in various other revenue sources are increased \$489,750, the majority in charges for services. The largest increases were due to increase demand for camping and entrance fees at various parks, but none of those changes individually exceeded \$60K.

- c. 2014 transfers into the General Fund are budgeted at \$45,000. This represents the annual transfer from the Coyote Hills Linear Park Fund of \$40,000 and \$5,000 for feral pig management transferred from several permanent funds.
2. 2015 Preliminary General Fund Appropriations as Compared to the 2014 Adopted Appropriations:
- a. The 2015 salary/benefits increase is approximately 6.4% (\$5 million).
    - i. This includes COLA and benefit changes resulting from 2013 contract, which impacts AFSCME, confidential and management, seasonal and temporaries.
    - ii. The 2015 budget includes COLA and benefit changes resulting from the 2014 contract with the Police Association.
    - iii. The increase in salary/benefits also incorporates the 2015 General Fund increase in staffing of 22.128 FTEs for approximately \$2.75 million. Eleven (11) of these FTE's are for 'pipeline' positions necessary to service growth of the park lands open to the public. These 'pipeline' positions are outlined in more detail below.
  - b. Supplies budgets increase 4.6% (\$367,695), the majority for the one-time appropriations slated for purchases of rolling stock costing less than \$25,000.
  - c. Services budgets increase 5.6% (\$802,079), attributed to increases in utilities, \$75K for hazardous tree removal, a \$50K for grazing improvements, \$43K for new copy machine leases and property lease cost increases.
  - d. Capital outlay decreased 38.6%. The 2015 appropriation for rolling stock costing more than \$25,000 is \$419,410, compared to 2014 appropriations of \$1,125,000.
  - e. Intra-District charges will now include incremental replacement cost increases for additions to the fleet.
3. 2015 General Fund Transfers Out to Other Funds:
- Annual transfers out to projects and debt service are approximately \$6 million, about the same as 2014. However, in 2014 a one-time transfer of \$5 million from the General Fund into the Major Infrastructure Renovation and Replacement Fund (Fund 553) was available due to the release of the reserves set aside to protect against property tax volatility ('Smoothing'), as compared to the \$500K transferred to Fund 553 in 2015. Besides one-time transfers out to specific projects and the Major Infrastructure Renovation and Replacement Fund, the District has committed to an annual transfer of \$500K for Fire Fuels Vegetation Management. Other projects funded in 2015 include:
- a. Point Isabel - \$150,000
  - b. Financial system upgrade - \$150,000
  - c. Funding for Murray Township Acquisitions - \$73,575
  - d. Mission Peak Staging Area expansion - \$350,000
  - e. Black Diamond Mine safety improvements - \$130,000

4. 2015 General Fund Operating Budget Highlights:
  - a. \$3.9 million in base budget requests are funded in the 2015 General Fund preliminary budget, plus \$3.8 million one-time requests.
  - b. New 'Pipeline' personnel and operating expenses are recommended for the following areas:
    - i. Bay Trail, .35 FTE
    - ii. Black Diamond Land Bank, 4.41 FTEs
    - iii. Calaveras Ridge Trail, .20 FTE
    - iv. Coyote Hills, 2.60 FTEs
    - v. Garin/Walpert Ridge, 1.57 FTEs
    - vi. Lafayette-Moraga Trail, .20 FTE
    - vii. Las Trampas, 1.30 FTE
    - viii. Vargas, .45 FTE
  - c. The 2015 budget proposes 24.96 additional staff FTE's, as follows:
    - i. General Fund base increase of 20 FTEs and one-time increase of 1.653 FTEs.
    - ii. Other funds increase of .78 base FTE and one-time increase of 2.052 seasonal and temporary FTEs.
    - iii. Total FTEs for the entire District in 2015 will be 762 FTEs, compared to 739 FTEs in 2014 adopted budget.

NEXT STEPS:

Nov 14	Proposed Budget delivered to the Board of Directors/Finance Committee
Nov 19	Proposed Budget presented to the Finance Committee
Nov 24	Proposed Budget presented to the Park Advisory Committee
Dec 2	Introduction of Proposed Budget to the Board of Directors (1 <sup>st</sup> public hearing)
Dec 16	Adoption of Proposed Budget to the Board of Directors (2 <sup>nd</sup> public hearing)

CONCLUSION:

The intent of this informational report is to provide a basic outline of the 2015 General Fund budget process to date. Minor modifications to this information may be required before the proposed budget is prepared. The proposed budget, in draft book form, will be presented to the Finance Committee at the November meeting.

East Bay Regional Park District  
**2015 Preliminary General Fund Budget Summary**  
*(draft as of October 15, 2014)*

**Resources**

Line	Description	2015 Preliminary Budget	2014 Adopted Budget	Change	% Change
1	Property Tax	\$ 109,800,000	\$ 99,300,000	\$ 10,500,000	10.6%
2	Charges for Services	8,994,250	8,606,500	387,750	4.5%
3	Property Usage	1,886,000	1,777,000	109,000	6.1%
4	Interest	500,000	500,000	-	0.0%
5	Inter-agency Agreements & Grants	236,400	238,400	(2,000)	-0.8%
6	Misc Revenue	581,000	586,000	(5,000)	-0.9%
	Total Revenue	<u>121,997,650</u>	<u>111,007,900</u>	<u>10,989,750</u>	<u>9.9%</u>
7	Transfer In*	45,000	45,900	(900)	-2.0%
	Total Resources	<u>\$ 122,042,650</u>	<u>\$ 111,053,800</u>	<u>\$ 10,988,850</u>	<u>9.9%</u>

**Uses**

Line	Description	2015 Preliminary Budget	2014 Adopted Budget	Change	% Change
8	Personnel Costs	\$ 84,078,307	\$ 79,012,070	\$ 5,066,237	6.4%
9	Supplies	8,328,325	7,960,630	367,695	4.6%
10	Services	15,005,879	14,203,800	802,079	5.6%
11	Capital Outlay/Equip	826,060	1,344,610	(518,550)	-38.6%
12	Interagency Agreements	232,000	232,000	-	0.0%
13	Intra-District Charges	6,021,024	6,017,760	3,264	0.1%
	Total Expenses	<u>114,491,595</u>	<u>108,770,870</u>	<u>5,720,725</u>	<u>5.3%</u>
14	Transfers Out**	6,434,868	11,233,030	(4,798,162)	-42.7%
	Total Uses	<u>\$ 120,926,463</u>	<u>\$ 120,003,900</u>	<u>\$ 922,563</u>	<u>0.8%</u>
15	Total Resources less Total Uses	\$ 1,071,187	\$ (8,996,000)	\$ 10,067,187	-111.9%
16	Replenish Legal Contingency-committed fund balance	\$ 1,000,000			
17	difference	<u>\$ 71,187</u>			

**\*\*Transfers Out include:**

18	Design & Construction salary & benefits	2,366,000
19	Annual ADA funding	500,000
20	Debt Service-2012 promissory notes	1,421,293
21	Debt Service funds admin. costs	11,000
22	Computer replacement	146,000
23	Telephone replacement	12,000
24	Redwood Fuel Tank remediation	35,000
25	Quagga inspections	80,000
26	Avian disease treatment funding	10,000
27	Fire fuels vegetation management	500,000
28	Major Infra. Renova. & Replacement	500,000
29	Pt Isabel	150,000
30	One Solution implementation	150,000
31	Murray Township acquisition funding	73,575
32	Mission Peak Staging Area expansion	350,000
33	Black Diamond Mine Shaft Safety	130,000
		<u>\$ 6,434,868</u>

**\*Transfers In include:**

Coyote Hills Linear Park	40,000
Feral pig management	5,000
	<u>\$ 45,000</u>